

Message Text

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 4852

INFO AMEMBASSY COPENHAGEN

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AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

UNCLAS STOCKHOLM 2788

E.O. 11652: N/A

TAGS: ELAB, SW

SUBJECT: THREAT OF MAJOR LABOR CONFLICT

1. A STRIKE AND RETALIATORY LOCKOUT THAT COULD AFFECT SOME 300,000 WHITE-COLLAR WORKERS IN PRIVATE INDUSTRY HAS BEEN TEMPORARILY HEADED OFF BY THE UNIONS PENDING OUTCOME OF FURTHER TALKS AND RECOMMENDATIONS BY A MEDIATING COMMISSION. ON UNION SIDE, CONFLICT INVOLVES WHITE-COLLAR BARGAINING CARTEL (PTK) LED BY POWERFUL SWEDISH UNION OF CLERICAL AND TECHNICAL EMPLOYEES (SIF) WITH QUARTER-MILLION MEMBERS. PTK PLANNED TO STRIKE IN STAGES BEGINNING TODAY (JUNE 9) BY PULLING OUT 37,000 EMPLOYEES IN NUMBER OF LARGE COMPANIES SUCH AS VOLVO, SAS, ATLAS COPCO AND ASEA. HOWEVER, UNIONS APPARENTLY HAD SECOND THOUGHTS AFTER SWEDISH EMPLOYERS CONFEDERATION (SAF) ANNOUNCED IT WOULD RESPOND TO STRIKE BY STAGING LOCKOUT ONE WEEK LATER AFFECTING ALL WHITE-COLLAR WORKERS IN AREA OF DISPUTE. RESULT WOULD HAVE BEEN HEAVY IMMEDIATE DRAIN ON UNIONS' STRIKE FUNDS.

2. CONFLICT HAS BEEN BREWING FOR SEVERAL MONTHS SINCE PTK HIT IMPASSE IN ITS NEGOTIATIONS WITH SAF AND THEN TRIED UNSUCCESSFULLY TO BARGAIN WITH INDIVIDUAL COMPANIES. PRINCIPAL ISSUE CENTERS ON EFFORT BY PTK UNIONS TO OBTAIN SPECIAL UNCLASSIFIED

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PREMIUM FOR WHITE-COLLAR WORKERS MORE OR LESS EQUIVALENT

TO ESTIMATED WAGE DRIFT FIGURE INCLUDED IN BLUE-COLLAR CONTRACTS. AS WILL BE RECALLED, WAGE DRIFT IS TERM APPLIED TO INCREASES GRANTED VOLUNTARILY BY COMPANIES, USUALLY THROUGH CHANGES IN PIECE-RATE STANDARDS, THAT ARE ABOVE NEGOTIATED SCALES. AS RESULT OF THIS PRACTISE, WHITE-COLLAR EMPLOYEES, WHO ARE GENERALLY HELD TO FIXED SALARY STRUCTURE, HAVE FALLEN SIGNIFICANTLY BEHIND IN COMPENSATION. ADDITIONAL MOTIVATION LIES IN FACT THAT PRIVATE INDUSTRY WHITE-COLLAR UNIONS MADE SERIOUS ERROR IN BARGAINING STRATEGY BY SIGNING FIVE-YEAR AGREEMENT IN 1969 AND THIS HAD OBVIOUS EFFECT OF FURTHER DAMPENING GROWTH OF WHITE-COLLAR SALARIES. ACCORDING REPORTS SEVERAL DAYS AGO, SAF AGREED TO ADD CATCH-UP PERCENTAGE TO ITS OFFER BUT APPARENTLY AMOUNT IS NOT CONSIDERED SUFFICIENTLY GENEROUS BY PTK.

3. ANOTHER COMPLICATING FACTOR IN SITUATION IS CONCERN ON PART OF LO AND UNIONS IN CENTRAL AND LOCAL GOVERNMENT SECTORS, WHICH HAVE ALREADY SIGNED CONTRACTS, THAT PTK WILL WIN INCREASES SUBSTANTIALLY HIGHER THAN ONES THEY SUCCEEDED IN GETTING. SHOULD THIS OCCUR, CONTRACTS CONTAIN PRIVISION THAT PERMITS REOPENING OF WAGE NEOGITATIONS.

4. DISPUTE WAS REGARDED BY GOVERNMENT AS SERIOUS ENOUGHT TO WARRANT STRONG STATEMENT BY PRIME MINISTER ON JUNE 8 IN WHICH HE WARNED THAT ACTIONS BY CERTAIN GROUPS AIMED AT SECURING SIGNIFICANTLY HIGHER WAGE AND SOCIAL BENEFITS THAN THOSE ALREADY AGREED UPON COULD LEAD TO "UNCONTROLLED PRICE DEVELOPMENT, A FURTHER UNDERMINING OF THE BALANCE OF TRADE AND A WEAKENING OF SOCIAL SOLIDARITY."

5. COMMENT: CONSIDERING THAT SUMMER VACATIONS ARE JUST AROUND THE CORNER, ODDS APPEAR TO FAVOR A PEACEFUL SETTLEMENT, OR AT MOST A VERY SHORT STOPPAGE.
STRAUSZ-HUPE

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